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SECRET

DPD-8461-59

15 December 1959

Dear Chuck:

Reference is made to your letter of 4 December 1959, regarding the audit of your Purchase Orders with FCIC.

I am not quite sure of whom Wayne is referring when he speaks of the cleared Auditor in the New York APO and therefore, cannot specifically approve the plan you have outlined. However, our Audit Liaison Officer, plans to visit your facility on or about 22 December to meet with Wayne and your people on other matters. I have discussed your current problem with him and he feels that satisfactory arrangements can be made for the FCIC Audit similar to the plan you have outlined.

If there are any problems after this visit, please do not hesitate to advise me.

Regards,

SIGNED

Dan

DPD-D :pf

Distribution:

- 1 - C. W. Goedecke (LMSD, [redacted])
- ✓ 1 - RT-100, LMSD-FCIC Subfolder, w/cy 1 COR-0703
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- 1 - Chrono, DPD

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COR-0703
COPY 1 OF 1

4 December 1959

STAT

Dear Dan:

As you may or may not be aware, we have issued through our normal purchasing organization Purchase Order No. 22-1615 to FCIC covering development and manufacture of some secondary programmers to be used on the Agena unit (i. e., not in our instrument). This purchase order has been issued in a relatively black manner so that the normally cognizant contracting officer at FCIC has not been required to certify to any of the interim invoices, or to perform any other normal contracting officer functions.

This purchase order has reached the point at which costs should be given the necessary final audit and approval given to the final cost invoices and payment of the withheld amount of fee. I am therefore asking your guidance as to how we should have the audit performed and the invoices signed off.

I should like to suggest that the following procedure could be followed and, as I view it, would invite the smallest amount of curiosity since it most nearly follows our normal procedures:

the cleared auditor at LMSD, would write the usual form letter to the cleared auditor in the New York APD, requesting that the "audit and approval of final invoice" functions be performed by him and the certification of such forwarded to the LMSD Resident Office of the Auditor General, attention . All communications between cleared parties would be written on normal stationery so that the communication would appear as though it were the result of normal inquiry rather than a special inquiry, but would be forwarded through you rather than by direct mail. If this plan does not meet with your approval, or if Security feels that there is a risk entailed in operating this openly, then perhaps you would wish to originate the necessary request through your own recognized channel.

It might not be out of order to remind the New York APD cleared auditor that LMSD issued another (white) purchase order to FCIC which will also need to be audited by him, since there is a \$50,000.00 transfer of development costs from Purchase Order 22-1615 to Purchase Order 18-443, thereby involving work accomplished under our black prime contract and inviting curiosity from any uncleared auditors.

I would appreciate your prompt reply on this problem, since our Accounts Payable people have initiated a request to the LMSD Resident Office of the Auditor General requesting that such audit be performed.

Very truly yours,

CWG/WES:p